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**AGENCY OVERVIEW****670 ND Horse Racing Commission**

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**Date:** 12/23/2014**Time:** 13:21:38**Statutory Authority**

North Dakota Century Code 53-06.2-01 to 53-06.2-16.

**Agency Description**

The North Dakota Racing Commission is the regulatory agency in charge of regulating live and simulcast racing, and account deposit wagering. The Commission administers four special funds for the benefit of the horse racing industry in North Dakota. The Commission is made up of five members appointed by the Governor and has an office staff of a Director and an Administrative Assistant.

**Agency Mission Statement**

The mission of the North Dakota Racing Commission is to ensure pari-mutuel wagering and live horse racing are viable and productive within North Dakota.

**Agency Performance Measures**

A formal performance measures system is not utilized by this agency.

**Major Accomplishments**

1. Regulated live, simulcast, and account deposit wagering industry in North Dakota.
2. Promoted and supported live horse racing.
3. Worked with the Fargo track and prominent members of the Fargo community to deal with the track's outstanding debt to the city and create a viable plan for live horse racing in the future.
4. Responded to issues related to live horse racing and account deposit wagering.
5. Drafted rule changes to revise medication rules to conform with national standards, implement the new tote-x wager, and revise rules related to ADW and live racing.
6. Executed the duties required by the North Dakota Century Code.
7. Approved and licensed live racing via licenses provided to tracks, associations, owners, trainers and jockeys.
8. Approved and licensed simulcast racing, including account deposit wagering companies, totalizators, service providers, site operators, and simulcast employees.
9. Monitored live racing by contracting to provide veterinarians, stewards, compliance investigator, and other individuals required to assure compliance with the Administrative Code.
10. Administered the promotion fund monies to promote live racing and provided oversight to ensure compliance with promotion awards.
11. Approved and disbursed the purse fund grants to live horse racing associations.
12. Contracted with an independent contractor to administer the North Dakota Breeders' Fund Horse Registry and licensing at live race meets.
13. Worked with an independent accounting agency to strengthen oversight and review of all pari-mutuel activities.

**Future Critical Issues**

The continued appropriation of adequate general fund dollars for the Racing Commission in the 2015-17 biennium to conduct statutory responsibilities and to grow the industry in order that it may become financially self-sufficient.

The Commission must continue to receive legislative support and the necessary financial resources to protect North Dakota from criminal activity, fraud, and money laundering in the racing industry; particularly, with the growth of pari-mutuel wagering.

The Commission must have the continued ability to recruit and retain account deposit wagering companies to underwrite the Breeders, Promotion, Purse, and Horse Racing Operating Funds to support the racing industry in the state.

The revision of tax requirements for live horse racing, simulcast wagering, and account deposit wagering has been advantageous to the companies engaged in simulcast and account deposit wagering. As a result we have seen a number of new companies begin operating as well as the growth of those already established, contributing to a significant increase in revenue.

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The Racing Commission must also have continued resources through racing taxation to contract for services to assist in the administration of live racing and the auditing of the wagering process.

The continued upgrading of the regulations of live racing is a primary effort by the Racing Commission to elevate the standards of horse racing in North Dakota and to remain in compliance with national regulating requirements.

The Racing Commission will be submitting legislation to allow it to again administer its own breed fund rather than contracting for services. In this way the Racing Commission can reduce the costs and errors noted in our most recent state audit.

**REQUEST SUMMARY****670 ND Horse Racing Commission**  
**Biennium: 2015-2017****Bill#: HB1023****Date:** 12/23/2014**Time:** 13:21:38

Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
<b>By Major Program</b>					
Horse Racing Administration	421,267	555,652	(2,427)	553,225	0
<b>Total Major Program</b>	<b>421,267</b>	<b>555,652</b>	<b>(2,427)</b>	<b>553,225</b>	<b>0</b>
<b>By Line Item</b>					
Accrued Leave	0	3,789	(3,789)	0	0
Racing Commission	421,267	551,863	1,362	553,225	0
<b>Total Line Items</b>	<b>421,267</b>	<b>555,652</b>	<b>(2,427)</b>	<b>553,225</b>	<b>0</b>
<b>By Funding Source</b>					
General Fund	317,501	389,244	5,251	394,495	0
Federal Funds					
Special Funds	103,766	166,408	(7,678)	158,730	0
<b>Total Funding Source</b>	<b>421,267</b>	<b>555,652</b>	<b>(2,427)</b>	<b>553,225</b>	<b>0</b>
<b>Total FTE</b>	<b>2.00</b>	<b>2.00</b>	<b>0.00</b>	<b>2.00</b>	<b>0.00</b>

**REQUEST DETAIL**

670 ND Horse Racing Commission  
Biennium: 2015-2017

Bill#: HB1023

Date: 12/23/2014

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
<b>Accrued Leave</b>					
Salaries - Permanent	0	3,789	(3,789)	0	0
<b>Total</b>	<b>0</b>	<b>3,789</b>	<b>(3,789)</b>	<b>0</b>	<b>0</b>
<b>Accrued Leave</b>					
General Fund	0	3,789	(3,789)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>3,789</b>	<b>(3,789)</b>	<b>0</b>	<b>0</b>
<b>Racing Commission</b>					
Salaries - Permanent	113,732	256,292	(4,796)	251,496	0
Temporary Salaries	125,285	23,584	416	24,000	0
Overtime	5,491	500	(500)	0	0
Fringe Benefits	52,514	95,000	4,742	99,742	0
Travel	26,026	39,910	0	39,910	0
Bldg, Ground, Maintenance	392	0	0	0	0
Office Supplies	4,017	3,500	0	3,500	0
Postage	1,399	1,662	0	1,662	0
Printing	1,292	1,850	0	1,850	0
IT Equip Under \$5,000	1,129	2,500	0	2,500	0
Office Equip & Furn Supplies	0	2,500	0	2,500	0
Insurance	5,105	4,706	0	4,706	0
Rentals/Leases-Equip & Other	0	5,106	0	5,106	0
Rentals/Leases - Bldg/Land	16,716	17,696	0	17,696	0
Repairs	1,066	1,871	0	1,871	0
IT - Data Processing	8,855	9,940	0	9,940	0
IT - Communications	4,697	6,137	0	6,137	0
Professional Development	16,495	31,700	0	31,700	0
Operating Fees and Services	14,778	17,000	1,500	18,500	0
Fees - Professional Services	22,278	30,409	0	30,409	0
<b>Total</b>	<b>421,267</b>	<b>551,863</b>	<b>1,362</b>	<b>553,225</b>	<b>0</b>
<b>Racing Commission</b>					
General Fund	317,501	385,455	9,040	394,495	0
Federal Funds	0	0	0	0	0
Special Funds	103,766	166,408	(7,678)	158,730	0
<b>Total</b>	<b>421,267</b>	<b>551,863</b>	<b>1,362</b>	<b>553,225</b>	<b>0</b>

**REQUEST DETAIL****670 ND Horse Racing Commission**  
**Biennium: 2015-2017****Bill#: HB1023****Date:** 12/23/2014**Time:** 13:21:38

Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
<b>Funding Sources</b>					
General Fund	317,501	389,244	5,251	394,495	0
Federal Funds	0	0	0	0	0
Special Funds	103,766	166,408	(7,678)	158,730	0
<b>Total Funding Sources</b>	<b>421,267</b>	<b>555,652</b>	<b>(2,427)</b>	<b>553,225</b>	<b>0</b>

**CHANGE PACKAGE SUMMARY**

670 ND Horse Racing Commission

Biennium: 2015-2017

Bill#: HB1023

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<b><u>Base Budget Changes</u></b>						
<b>Ongoing Budget Changes</b>						
A-A 1 Operating expense changes		0.00	0	0	1,500	1,500
Base Payroll Change		0.00	5,251	0	(9,178)	(3,927)
<b>Total Ongoing Budget Changes</b>		<b>0.00</b>	<b>5,251</b>	<b>0</b>	<b>(7,678)</b>	<b>(2,427)</b>
<b>Total Base Budget Changes</b>		<b>0.00</b>	<b>5,251</b>	<b>0</b>	<b>(7,678)</b>	<b>(2,427)</b>

**BUDGET CHANGES NARRATIVE****670 ND Horse Racing Commission****Bill#: HB1023****Date:** 12/23/2014**Time:** 13:21:38

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 1	<b>Priority:</b> 1
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Operating expense changes

Base budget changes for operating expenses.

<b>Change Group:</b> R	<b>Change Type:</b> A	<b>Change No:</b> 100	<b>Priority:</b>
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Executive Compensation Package Adjustment

Provides funding for recommended 2015-17 compensation adjustments.